

Mr. Paul McMahon  
Unilever United States, Inc.  
700 Sylvan Avenue  
Englewood Cliffs, New Jersey 07632  
By Email to:Paul.McMahon@unilever.com

17 October 2007

Dear Paul,

As you know, KPMG, as arbitrator, has determined that calendar year 2006 Finesse U.S.-Based Sales were \$30,128,605.97 and that accordingly there is an "earn-out" payment due from Lornamead Brands, Inc. to Conopco, Inc. of \$5,564,302.99. While we do not agree with the KPMG decision, we recognize that it is a final, non-appealable determination and we intend to comply with it. Accordingly, Lornamead Brands will be making a payment to Conopco, by wire transfer, this week.

Lornamead Brands will however be offsetting against the earn-out payment certain amounts that are owed to it by Conopco or claimed by it from Conopco. The amounts and what they relate to are briefly described below. I recognize that some amounts have been unilaterally determined by Lornamead Brands and I am certainly willing to discuss these amounts with you.

Lornamead Brands has deducted the sum of (\$409,336) representing amounts owed to it by Conopco for various outstanding accounting matters that remain unsettled or that became evident during the arbitration.

- A trade promotion accrual of \$246,361.66 as of February 23, 2007 (identified in paragraph 2 of Conopco's March 16, 2007 Finesse Notice of Objection) with no subsequent deductions and a returns allowance accrual of \$100,000.00 as of April 27, 2007 (identified in paragraph 14 of Conopco's March 16, 2007 Finesse Notice of Objection) with no subsequent deductions.
- A Balance Sheet accrual relating to Aqua Net \$62,974.

Lornamead Brands has been unsuccessful in getting any help from Unilever Canada in reclaiming GST on TSA services and inventory transactions. With very little help from Unilever Canada we could successfully reclaim \$376,665. We have therefore decided to deduct this amount until Unilever Canada helps us resolve this matter. As soon as this is resolved, we will release this amount to you.

Lornamead Brands has set-off the sum of \$1,250,000 against the earn-out payment due to Conopco's failure to deliver the Finesse registrations in Guatemala, Costa Rica and El Salvador. Lornamead Brands has been attempting to have Conopco remedy this situation for well over a year but Conopco has refused to do so. During this period, the Finesse brand has not



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been properly serviced in these countries and market share has been steadily declining. In fact, the top three retail chain drug stores in Costa Rica have recently de-listed Finesse as a result of product unavailability. More importantly, being unable to have control over Finesse in these three countries has severely hampered our coordinated approach to updating Packaging, Marketing and Pricing in the region and has prevented our new distributor from selling in the region for the past 18 months. In addition, our lack of control in these countries has exposed our business to the risk of parallel imports to other markets in that region, such as Honduras, Nicaragua, Bolivia, Columbia, Panama and possibly even the United States and Canada. Accordingly, even if Conopco finally fulfills its contractual obligation to transfer the registrations, there will be significant long-term adverse consequences to Lornamead Brands. This set off of \$1.25 million is split \$750,000 permanent damages and \$500,000 hold back. If Unilever can deliver these registrations within the next three months we will release the \$500,000 hold back.



Lornamead

The sum of \$513,657.50 has been set-off against the earn-out payment to compensate Lornamead Brands with respect to inaccurate financial data provided by Conopco to Lornamead Brands on which Lornamead Brands relied in entering into the Asset Purchase Agreement. The unilateral adjustment of selected inaccurate financial data by Conopco in the KPMG arbitration proceeding resulted in significant economic harm to Lornamead Brands. During the arbitration Unilever highlighted \$1,027,315.00 of additional Finesse Sales between 1<sup>st</sup> January 2006 and 26<sup>th</sup> April 2006. This inaccurate accounting by Conopco of sales during this period has been to our detriment and we believe we deserve compensation for the loss suffered.

No separate amount has been determined with respect to the consequence of Conopco's failure to provide Lornamead Brands with financial data which it now, under the Asset Purchase Agreement, owns or to which it should have had access pursuant to the Asset Purchase Agreement and Transitional Services Agreement.

We will therefore wire \$3,014,644.49 this Friday.

You will note that no amount has been set-off with respect to the Walmart de-listing issue which we have previously corresponded about. However, I would like to bring this matter to a conclusion. I suggest we include this as part of our overall discussion.

Please contact me at your convenience to finalize the amounts discussed above as I am sure we would both like to bring this matter to a final conclusion as soon as possible.

Yours sincerely,

Jon Osborne  
Chief Operating Officer